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GEOGRAPHY

Estonia is located in Eastern Europe, bordering the Baltic Sea and Gulf of Finland, between Latvia and Russia. The total area of Estonia is 45,100 km^2; the land area is 43,200 km^2. Land boundaries total 557 km; shared with Latvia 267 km and Russia 290 km. The coastline is 1,393 km.

Administratively, Estonia is divided into 15 counties. While the largest industry is food production, the country also has a long tradition in forestry, engineering and textiles. With respect to natural resources, Estonia is rich in oil shale, peat and limestone.

The climate of Estonia is maritime wet; with moderate winters and cool summers. The terrain is marshy. Natural resources include oil shale, peat, phosphorite and amber. Environmental issues include air heavily polluted with sulphur dioxide from oil-shale burning power plants in the northeast and contamination of soil and ground water with petroleum products and chemicals at military bases. Due to the marshy, lowland terrain, flooding occurs frequently in the spring.

DEMOGRAPHICS

The population of Estonia reached 1.6 million in 1995. Twenty-two percent of the population is under 14 years, 65 percent is between 15-64 years, and 13 percent is 65 years and over.

The largest share of the population lives in the Tallinn (29 percent) and Virumaa (19 percent) regions. Tallinn, the capital of Estonia, has a population of 442,679.

The population growth rate in Estonia was 0.53 percent in 1995. The birth rate was 13.9 births per 1,000 population while the death rate was 11.93 deaths per 1,000 population. The net migration rate was 3.31 migrants per 1,000 population.

The nationality is Estonian(s). Ethnic divisions include Estonian (61.5 percent), Russian (30.3 percent), Ukrainian (3.17 percent), Byelorussian (1.8 percent), Finn (1.1 percent), and other (2.13 percent). The predominant religion is Lutheran. Languages spoken include Estonian (the official language), Latvian, Lithuanian, and Russian. Demographic indicators are shown in Table 1.

Table 1: Demographic Indicators

Population (million)	1.6
Population Density (1994)	34.0 per km^2
Population by Age	
0-14	22%
15-64	65%
65+	13%
Literacy Rate	99%
Population Growth (% projection 1992-2000)	–0.6
Urban Population (% of total, 1994)	72.0
Human Development Index (ranking out of 174 countries, 1992)	43

Source: EIU, 1995, 1996b; UNDP, 1995

ECONOMIC OVERVIEW

Since regaining its independence in August 1991, Estonia has achieved remarkable progress in transforming its economy into a market-based system. Estonia's economy had been severely distorted by a half century of central planning and by its heavy dependence on the former Soviet Union for trade. Nevertheless, Estonia entered the current period of transition with some distinct advantages. Estonia had the highest per capita income level in the former Soviet Union, among the highest levels of education and infrastructure, as well as continuing contact with western, market-oriented institutions.

Signs of economic recovery were evident in 1996, when industrial output rose by 1.1 percent compared to 1995 levels, due mainly to the growth of the energy and mining sectors. The Bank of Estonia forecast GDP growth at 3 percent for 1996, with GDP expected to reach 1989 levels by the year 2004. Tight fiscal policies have reduced inflation from over 1,000 percent in 1992 to 26 percent in 1995. Estonia has a stable and freely convertible national currency (Kroon), which is pegged to the German DM. The exchange rate in October 1996 was 8 EEK: 1 DM.

Economic reforms have created a dynamic import-oriented private sector. GDP per capita in 1995 was $4,375, total foreign debt in 1996 stood at $304 million, and the government continues to report a balanced budget. The Estonian government refused an International Monetary Fund (IMF) $20 million standby loan, and has no plans to borrow the money elsewhere. Although economic recovery might be fragile, Estonia has made considerable progress in establishing a free market economy. Structural reforms and privatization have proceeded successfully, and investors expect the current pace of development to last for the next several years.

However, changes occurring within the countries of the former Soviet Union over the last three years resulted in a drop of 50 percent in the real level of Estonia's imports and exports within the region. After declining in 1992 and 1993, real output in Estonia began to recover in late 1994, growing by about 2.9 percent in 1995. The unemployment rate fell from between 8 to 9 percent to around 4.5 percent in the second quarter of 1996. Real wages, after declining by 40 percent in 1992, have recovered to about 80 percent of 1991 levels.

The monthly rate of inflation has maintained an overall downward trend, despite continued increases in administered prices for key services. While slower productivity gains in the non-trade related sectors has held inflation at a level higher than in Western Europe, productivity growth in trade-related sectors has allowed Estonia to maintain competitiveness on world markets and sustain the fixed exchange rate of the kroon.

The privatization of small industry is almost complete with over 60 percent of small businesses in private ownership. Since 1993, a total of 448 enterprises have been sold, generating EEK 2.87 billion for the state. Investments amount to EEK 2.23 billion, and 53,225 jobs have been guaranteed. Further plans for privatization include: state-owned communications, transportation, and power conglomerates. Privatization methods include: multiple tender with preliminary negotiations, public auctions, and public share offerings (vouchers). Most foreign investors buy controlling shares through tender.

According to the Ministry of Labour, the number of registered unemployed was 6 percent in July 1996. The proportion of long-term unemployed (those out of a job for a year or more) increased from 17 percent of all unemployed in March 1995 to 27 percent by March 1996.

Estonia's reforms, economic performance, and business climate have attracted considerable foreign investment for a country of only 1.5 million people. Total foreign direct investment in 1994 totalled approximately $240 million, nearly double that of 1993. Consequently, Estonia ranks third in Europe for direct foreign investment per capita. Investment flows are mainly from Western Europe, the Nordic countries in particular. In 1994, for example, Finland and Sweden together were responsible for 42 percent of total foreign investment, with other European countries accounting for another 20 percent. The U.S. share

of foreign investment was 8 percent. Evidence suggests that foreign direct investment in Estonia might have reached its peak in 1995. Capital investment levels are declining; however, reinvestment from profits and loans have increased substantially suggesting investment consolidation. Comparative key economic indicators are presented in Table 2.

Estonia's ongoing strong economic recovery can be attributed to two factors. First, the country has made remarkable progress in macro-economic stabilization and structural adjustment since early 1992. Estonia began price liberalization and related economic reforms in 1989-90, and the pace of reform has been stepped up significantly during the last four years. The government implemented a tight fiscal policy, registering surpluses in the general government's budgetary operations in both 1992 and 1993, with a balanced budget for 1994 and 1995.

Table 2:
Key Economic Indicators

	1994	1995	1998 (est.)
Real GDP (% growth)	6.0	4.0	3.5
GDP per Capita (US$ at Purchasing Power Parity [PPP])	7,040	4,375	N/A
Gross Nominal Monthly Wages (EEK)	N/A	2,270	2,865
Unemployment Rate (%)	N/A	5.4	6.0
Consumer prices (% change)	41.6	29.0	26.0
Private Sector Share of GDP (%)	N/A	65	70
Trade Balance ($ million)	–354	–797	–901
Gross Debt ($ million)	N/A	240	304
Foreign Direct Investment (US$ million)	221.1	437.3	N/A

Source: EBRD, 1996, EIU, 1995, 1996a, ECE, 1996, WB, 1996

Estonia is a parliamentary democracy. The coalition government brings together the Coalition Party, the Reform Party and the Rural Union. Different party leaders have major disagreements on current policies, often leading to tense relations within the coalition. Splits may occur anytime and early elections are a possibility.

Immediate government priorities include strict fiscal policy, the promotion of investment and private sector development. The government is also committed to improving regional politics and relationships. In May 1995, the presidents of the three Baltic nations signed a partnership for integration in order to facilitate an integrated effort to join the European Union and NATO. Estonia might be one of the first East European countries to become a member of the EU. Various preconditions have been met including aligning Estonian legislation, stabilizing the currency, balancing the budget, controlling inflation, and the prospects are good for economic growth.

Trade liberalization has been a major part of the reform process. However, the loss of Soviet markets and imbalanced restructuring have resulted in a negative trade balance that continues to increase. Imports, especially machinery and equipment, and paper and pulp products, have risen substantially. The European Union is Estonia's largest trading partner, supplying 66 percent of its imports. Finland's share of imports is 32.6 percent, followed by Russia with 16.1 percent. Other major trading partners include Sweden, Germany, Latvia, the Netherlands and Ukraine.

Estonia is pursuing foreign trade policies consistent with market reforms and trade liberalization. A free-trade agreement with the European Union is in place and an association agreement is scheduled to begin on December 31, 1999. Estonia, Latvia, and Lithuania established a Baltic Free Trade Agreement covering industrial goods in 1994, while a customs union of the three countries will be established by 1998. In addition, Estonia has signed free-trade agreements with Russia, Ukraine, the Czech Republic, Poland and Hungary, and has a bilateral investment agreement with Canada. Estonia has given up territorial claims on Russia that will solve a long-standing border dispute and subsequently lead to establishing a most-favoured nation trading pact.

Estonia has been very successful in gaining further access to western markets. Exports to these markets quintupled between 1991-94. In 1994, exports to the western markets constituted 55 percent of Estonia's exports, compared to less than 5 percent at the time of independence. Trade with the Commonwealth of Independent States (CIS) has also shown signs of recovery. In addition, Estonia improved its access to capital markets with the signing of an association agreement with the European Union in 1995.

Estonia has also been highly successful in eliminating both tariff and non-tariff barriers, and enjoys one of the most liberal external trade regimes in the world. With these policies and a competitive exchange rate, Estonia's exports to the West have increased sharply. However, large imports, especially of investment goods, have led the initial balance of payments surpluses to give way to deficits. The current account moved from a surplus of US$23.3 million in 1993 to a deficit of about US$185 million in 1995. The government has continued to resist protectionist pressures while actively supporting export development. It has taken actions to improve legislation, physical shipping infrastructure, financial services, trading and shipping services, and customs facilities.

In addition, the government's privatization program has moved swiftly. Industrial enterprise privatization was virtually completed by late 1995 along with the sale of almost all small businesses and three quarters of all medium- and large-scale enterprises.

Recent policy reforms, restitution and privatization have changed the existing tenure structure. In 1994, the share of total housing attributed to public rental stock was considerably high at 56 percent, while in Tallinn public housing accounted for 66 percent of the total housing stock. The proportion of owner-occupied units in large urban centres was lower than in rural areas. The national average in 1994 was close to 30 percent, while in Tallinn it was 13 percent. Nationally, the share of private rental stock has increased significantly, reaching 5 percent.

Estonia has a ratio of 411 housing units per 1,000 inhabitants; one of the highest in Central and Eastern Europe. The total housing stock in Estonia in 1994 was 618,000 units.

The housing deficit was greater in Tallinn. Housing consumption per person was 25 m^2 compared to the national average of 32 m^2. The number of households exceeds the number of dwellings. For example, overcrowding, reflected in the ratio of persons per room, is as high as 1.3 in the public rental sector. Housing conditions by type of tenure are illustrated in Table 3.

Density indicators highlight another dimension of housing problems; not only is the number of dwellings less than the number of households, but their size and the number of rooms are inadequate compared to the size of the household. This is particularly evident in the public sector. Furthermore, a disproportionately high number of households live in one and two-room flats. It should be noted that housing consumption is twice as high in the owner-occupied sector. Some estimates suggest a shortage of over 17,000 housing units.

In Estonia, the poor quality of the existing housing stock has attracted significant public attention. Water supply and sewage systems are generally better developed in the urban areas. However, close to 15 percent of households nationally have no access to those basic services.

Table 3:
Housing Conditions by Tenure Type, 1994

Tenure Type	Percentage of the Housing Stock	Household/ Dwelling	m^2/ Person	Persons/ Room	Number of Units (000s)	Units in Single-family Buildings (%)	Units in Multi-family Buildings (%)
Public rental*	56	N/A	24	1.3	348	2	98
Tallinn	66	N/A	22	1.3	130	0	100
Private rental*	5	N/A	44	1.3	N/A	N/A	N/A
Tallinn	5	N/A	41	1.4	N/A	N/A	N/A
Owner-Occupied*	30	N/A	47	1.0	241	86	14
Tallinn	13	N/A	38	1.1	45	52	48
Other*	9	N/A	27	1.2	29	3	97
Tallinn	16	N/A	22	1.2	7	0	100
Total *	100	1.03	32/21.3	1.2	618	-	-
Total Tallinn	100	N/A	25	1.3	182	-	-

* The data reflects housing characteristics at the national level.
Source: MRI, 1996

Table 4:
Housing Quality Characteristics

	Piped Water (% of flats)	Piped Sewer (% of flats)	Bath or Shower (% of flats)	District Heating*	Housing Built Since 1960 (%)
Estonia (national)	94/83	83	71	67	62.8
Tallinn	99	95	85	83	N/A

* Defined as percentage of dwellings provided with any heating installation serving one building or one flat.
Source: MRI, 1996

Over 85 percent of the dwellings in Tallinn are equipped with bath and shower, compared to 71 percent nationally. District heating is widely spread in Estonia, where the share of dwellings serviced by the system is close to 67 percent (83 percent in Tallinn).

Substandard housing amounts to 1.6 percent in the owner-occupied sector compared to 1.8 percent in the public rental sector. The share of inadequate housing in Tallinn is close 1.8 percent. Expert evaluation indicates that 54 percent of the housing in urban areas needs considerable investment in renovation.

The distribution of the housing stock by age and type is diverse. In Estonia, over 70 percent of the housing stock was built after 1961. A large proportion of the housing in the larger urban centres of Tallinn and Tartu is relatively uniform consisting of mass-produced highrise apartment buildings. Overall, there is a limited choice of housing types, styles and quality levels. It should be noted that the percentage of apartment buildings is 98 percent in the public rental sector (100 percent in Tallinn), while owner-occupied single-family housing is close to 86 percent (about 52 percent in Tallinn). Table 4 shows housing quality characteristics in Estonia.

Overview

Housing privatization has also accelerated over the last year with 70 percent of all the dwellings designated for privatization having received full title by April 1996. However, land privatization, including industrial land, has lagged behind. Only 3 percent of land under state ownership has been privatized. To prepare for further privatization activities, the government is preparing legislation to regulate these sectors as well as undertake stronger enforcement of banking regulations over time.

Housing privatization in Estonia is governed by the Property Act, the Law on the Principles of Property Reform, and the more specific regulations in the Law on Privatization of Dwelling Rooms. Tenants can use privatization vouchers or cash to purchase the dwellings. Vouchers are issued based on a point system in which each point is worth 300 EEK. Other means of payment are cash, government bonds and securities given as compensation for unlawfully expropriated property. However, privatization has been slow; by January 1996, close to 193,000 dwellings were privatized or 52 percent of the designated state housing.

Approximately 70 percent of the total housing in Estonia is privately owned with the highest proportion in the Polvamaa area at 95 percent, and the lowest in the Russian-speaking Virumaa region at 25 percent. Regionally, the propensity to privatize appears uneven. The housing stock in Tallinn, as well as a number of small villages, is expected to reach a 90-percent level of private ownership. In the future, most estates will have mixed ownership, and it is expected that municipalities will sell some of their remaining apartments to real estate companies or individuals.

Relevant Regulatory Systems

Housing reforms have focussed on property rights, restitution, privatization and the restructuring of the housing sector. Subsidy cuts have contributed to the sharp decline in housing input, decreased capital investment in the sector, and substantially reduced the flow of municipal housing services. The government's priority is to privatize state housing, assist homeowners in the renovation of the existing stock, and to reform housing financing. Reportedly, municipalities are faced with many problems at the local level. Rents are controlled and thus kept at a very low level, barely covering operating costs. A new provision of social housing might be considered after the year 2000.

Housing as a National Priority

The housing policy of the Estonian government, expressed in the Law on Housing enacted in April 1992, introduced the principles which govern the civil and administrative relations in the housing sector. The Law authorizes the Government of the Republic of Estonia to:

- establish and maintain a state housing register;
- determine socially-justified standards for dwellings;
- establish the principles for charging rent for apartments;
- establish operating principles for housing cooperatives and other legal persons engaged in housing activities; and
- solve other problems within the government's competence as set forth by law.

Housing restitution is not a major segment of the housing reform process, since almost 80 percent of the existing stock was built after 1945. Furthermore, not all housing built before 1945 was nationalized. Single-family houses with areas measuring 210 m^2 or less in Tallinn, and 175 m^2 in the rest of the country, were allowed to remain under individual ownership-unlike land, which was nationalized in 1945.

The restitution of land, which began after independence, has been delayed by cumbersome processing procedures. The Estonian Parliament approved an amendment in February 1996 which returned land to pre-war owners at the state's expense. Although some 77,000 hectares were privatized during the first four months of 1996, more than 90 percent of the land is still state-owned.

Before the country was annexed by the Soviet Union, 3 million hectares were privately owned.

Of these, one third has been reclaimed by the original owners or their descendants, one third is subject to compensation claims (under which the original owners may get assets or money but not necessarily the assets), while the final third will be sold or rented to new occupants.

To alleviate Estonians' ability to afford housing, the Estonian government introduced housing allowances in January 1994 in the form of rent contributions payable to the landlord. In principle, households are entitled to housing allowances, if more than 30 percent of the family income is spent on housing. Depending on the evolution of the housing market, support for low-income households might gain increasing political importance.

Key Housing Market Institutions

The Ministry of Environment is responsible for coordinating building activities, planning major construction projects, and defining housing and construction policies. The Ministry also works closely with a number of professional organizations in the process of legal reforms. Major interests are represented by: the Civil Engineers Union; the Building Contractors Union; the Union of Architects and Building Contractors; and the Designers Association.

Other important institutions are private construction companies, developers and housing financing institutions.

State of the Local Housing Market

A number of new regulations, laws and guidelines exist in Estonia that provide the legal framework for the housing sector. Soviet legislation concerning the most important issues like property rights, the privatization of dwellings and land, property tax, physical planning, and construction, is being replaced gradually.

The issue of ownership was first addressed at the legislative level in June 1990 when the Supreme Council passed the Property Act, which recognizes the equality of all forms of ownership. In June 1991, the Law on the Principles of Property Reform was passed, providing the legal framework for every type of ownership transfer occurring in the course of property reform. It addressed specifically the issues of:

- restitution and compensation of illegally expropriated property; and
- privatization of state and municipal property.

In October 1991, the Supreme Council passed the Land Reform Act containing specific rules for land reform; regulating *inter alia* the privatization of land.

A major effort has been made to develop unified EU standards, particularly in areas like construction and fire safety, energy efficiency, and system and quality guarantees. A new Planning and Building Law has been passed, and in addition, close to 10 major standards and regulations defining the relationships among partners in the building process have been adopted. These include the use of public funds, standards of social and territorial planning, and the approval and documentation of building work.

MATERIALS, LABOUR AND FINANCING

Overview

The privatization of the building industry has proceeded decisively in Estonia. New firms have emerged from the original vertically integrated structures, with the potential to operate more efficiently in the market environment. In 1994, the number of private building companies reached 2,244 with more than 30,000 employees. Over 90 percent of those companies are private corporations with less than 50 employees. Table 5 shows the structure of the building industry in 1994.

The housing industry in Estonia is in the process of restructuring. A wide range of different organizations, varying by size and expertise, have emerged. The existence of a large number of small firms in the single-family home-building and renovation sectors reflects:

- the ease of entry into the industry;
- the nature of the development process;
- the demand for small-scale, traditionally built housing (generally constructed with little to no prefabrication); and
- lack of economies of scale.

Table 5:
Structure of the Building Industry, 1994

Indicator	Number
Public corporations	150
Public employees	8,197
Private corporations	2,244
Private employees	30,227
Companies with:	
0-49 employees	2,199
50-99 employees	114
100-499 employees	81
Total	2,394

Source: MRI, 1996

Materials

The output in the building materials sector plunged in 1995 by 6.9 percent, after a 3.1-percent increase in 1994. Despite the current drop in domestic demand, certain materials have export niches and are experiencing increased production, such as sheet glass (31 percent), roof tiles (97 percent), and cement (4 percent). Companies are hoping to develop products from limestone, sand and clay that meet European standards to further enhance export opportunities. Prospects for growth are in the range of 2-3 percent annually.

Foreign investment in the industry originates mainly from the international conglomerate EUROS which owns a number of enterprises. Puukeskus (Finland) has opened a lumber retail and wholesale concern in Tartu, and DS-Daxhkeramik (Germany) has bought a roof tile factory in Aseri.

Labour

The construction sector has maintained a relatively steady 6-percent share in the overall sectoral distribution of employment. The average monthly wage in July 1996 in the construction sector was EEK 2,800. By law, blue collar workers have a 48-hour work-week compared to 40 hours for white collar workers. Minimum health and safety standards for the workplace exist, but are sometimes ignored, and labour unions hold little political power. Estonian companies under-report workers' salaries, while foreign-owned companies insist on paying all payroll and withholding taxes. Skilled and reliable construction workers are in short supply in Tallinn, while Western renovation housing and office projects compete for them. Reportedly, the salaries offered are higher compared to local standards.

Financing

Estonia is in the process of introducing a housing financing system, with long-term credit for residential and commercial production activities. So far, commercial banks have been active in this area to a very limited extent. The loans that have been granted are predominantly

short-term with a one-year period, and construction loans have interest rates of 20-24 percent. Recently, the Housing Fund was established to provide resources for the implementation of the Estonian housing policy. The budget for 1995 was only 15 million EEK, or about US$1.3 million. The Housing Fund lends money to commercial banks which then grant loans to owners of residential property.

Two of the country's largest banks, Hansapank and Hoiupank, have begun a ten-year mortgage plan with an annual floating interest rate of 12 percent. The banks are expected to lend EEK 100 billion during 1996 to 400 buyers and renovators.

HOUSING MARKET ACTIVITY, NEED AND DEMAND

Local Housing Activities

The general movement towards a market-oriented real estate sector, together with inflation, economic recession, escalating construction costs and declining house building activity, have set the scene for the operation of local land and housing markets.

Housing market activity primarily includes property transactions of privatized or restituted housing and exchanges within the existing owner-occupied stock. There were about 6,025 transactions in Estonia (795 in Tallinn) in 1994. The turnover is estimated to be 1 percent of the overall housing stock. The previous communist uniformity of land and house prices has given way to a fairly diversified and sophisticated system reflecting location, quality, accessibility and level of services. This has resulted in the formation of distinct housing sub-markets in the urban structure. The general trend is towards fragmentation and differentiation of the housing market, reflected in house price maps of urban areas.

House prices are increasing, particularly in Tallinn where a 100 m^2 apartment in the inner city might sell for $50,000. Real estate agents report sales in the upscale market in the range of $100,000. Rents for a two-room apartment in Tallinn are 1.5 times higher than the average monthly salary. Table 6 illustrates the house price dynamics in selected cities in March 1996.

The economic recession has hit the housing construction industry in Estonia especially hard. A massive decline in housing output was the initial effect of the retreat by the state from the provision of housing. Though private housing investment increased slightly, it was not sufficient to offset the massive decline in state and cooperative funds. Housing investment was $5.8 million in 1994 (only 0.2 percent of GDP), a considerable drop from $21.1 million in 1990. Housing Investment for the period 1990-94 is illustrated in Table 7.

The production of new housing decreased dramatically from 5 units per 1,000 in 1990 to a record low of 1.3 in 1994. In the mid-1990s, housing starts had fallen to an extremely low level of 1,900 units. Housing output by 1994 was close to 14 percent of the output reached in 1980. The

Table 6:
House Price Dynamics in Selected Cities, March 1996

Sale Prices of Apartments*	Tallinn inner city	Tallinn housing estates	Tartu	Pärnu
1-room	3,980	2,640	1,900	1,790
2-room	4,900	2,550	1,830	1,720
3-room	4,980	2,250	1,760	1,700
4-room	4,700	2,320	1,740	1,650
Rents per month				
1-room	2,500-3,500	1,500-1,800	700-1,200	600-1,100
2-room	3,000-5,000	2,500-3,000	1,000-1,300	750-1,800

* Prices are in EEK per m^2. Current exchange rate: 8EEK equal to 1 DM.
Source: EIU, 1996a

Table 7:
Housing Investment 1990-94 (in million $US)

	State and Local Government	Co-operatives	Private Persons	Total	Share of GDP
1990	18.6	1.5	1.0	21.1	N/A
1994	N/A	N/A	N/A	5.8	0.2

Source: MRI, 1996

decline in new housing provision in Tallinn was more pronounced, where only 739 units were built in 1994, almost all through government support. Reportedly, housing output declined further in 1995 to less than 600 units, mainly single-family housing, and over 90 percent of the completed dwellings are in urban areas. Though production and investment in housing fell sharply in the 1990-94 period, anecdotal evidence suggests that shifts from new construction to renewal and rehabilitation have begun to occur, which might be offsetting declines in new construction to a considerable degree.

Table 8:
New Housing Construction by Type of Developer, 1980-94

		1980	1990	1994
National	State and local government	12,434	6,386	1,436
	Co-operatives	1,150	896	0
	Private persons	816	318	517
	Total	14,400	7,600	1,953
Tallinn	State and local government	3,245	1,858	667
	Co-operatives	760	683	0
	Private persons	30	20	72
	Total	4,024	2,561	739

Source: MRI, 1996

The transition from planning to markets has resulted in the considerable growth of private sector involvement in the supply of new housing. However, private sector activity is considerably affected by recession, sharply rising prices, inflation and falling real incomes. Due to financial difficulties, over 4,500 dwellings could not be completed in 1995. Though the overall situation in the housing sector is improving, the outlook for growth is pessimistic. Output levels are expected, by the year 2000, to barely reach half of the construction level of the pre-transition period. Table 8 shows statistics for the period 1980-94 on new housing construction by type of developer.

Land costs vary widely according to the size of the city and location. Land costs, defined as a percentage of the total house price, in typical new housing developments, are below 18 percent in Estonia. Serviced land is 2 to 2.5 times more expensive than undeveloped land with planning permission for residential construction.

In 1994, land prices in Tallinn were EEK 80 per m^2 compared to EEK 17 in the northeast part of the country. With land evaluated at the end of 1996, the Estonian Privatization Agency expects land prices in Tallinn to triple, while in other centres it is expected to double. Base prices also vary considerably, reflecting land use and densities. Few land transactions have taken place (13,029 nationally and 1,358 in Tallinn by January 1996), and estimating the market value is difficult. It might be several times the taxable value, for example, good quality modern utilities can raise the value by 25 percent.

Construction costs are difficult to forecast and estimates do not remain valid for long because of inflation and uncertainty about the availability and cost of building materials. However, reported costs in 1994 were US$230-385 per m^2 at the national level. With construction times varying between 8 to 30 months, experts state that the price of building materials is increasing much faster compared to the average consumer price index.

Table 9:
Cost and Size of Newly-Built Units, 1994

	Land cost (EEK per m^2)	Construction cost ($ per m^2)	Number of rooms	Average size of newly-built unit (m^2)
National	18	230-385	2.6-4.5	50.8-125.3
Tallinn	N/A	110–540	N/A	N/A

Source: MRI, 1996

The shift in consumer preferences and major changes in the structure of the housing industry have led to changes in the type of newly-built urban housing. The physical and design characteristics of apartment buildings have broadened in the last five years. Since 1990, newly constructed five- to eight-storey buildings have accounted for between 55 to 75 percent of the total housing output, and the share of individual houses has increased up to 67 percent. In recent years, the average size of both newly built apartments and houses has been 50.8 m^2 and 125.3 m^2 respectively. The tendency to move away from prefabricated panels to brick and other technologies is clearly demonstrated throughout the country. Table 9 shows the cost and size of newly-built units in 1994.

Factors Affecting the Demand for Housing

In 1994, there were 635,000 households in Estonia. With emigration more pronounced immediately after the independence, the number of households declined considerably by 30,000. The average household size is 2.4 persons, while in rural areas extended families are more common.

Estonian wages have more than tripled since the beginning of 1994, in nominal terms. After an initial period of rapid growth that ended in mid-1995, nominal wages rose at a more modest pace. Wages are highest in the property, business services and mining sectors (1.4 times higher than the average), followed by energy, gas and water supply (1.3 times higher than the average). The gross nominal wage for 1995 was EEK 2,130, while in March 1996, it increased to EEK 2,770. However, the country's statistics fail to include managers and employees of Western companies who might earn EEK 10,000-12,000 per month.

With the drastic change in income distribution has come a change in public attitudes. The result is an increased demand for high quality flats and single-family homes from the new middle and upper classes. Various income groups are willing and also able to invest in upgrading their living conditions by taking loans. However, the impact of this new construction on the housing market will be limited.

With respect to consumer preferences, it is important to emphasize that home-ownership is perceived as a desirable and good investment in an inflationary context. Investment in housing is economically attractive for individual households, which channel a large fraction of their savings to improve their housing situation.

Low wages and employment uncertainty coupled with high housing costs and mortgage rates have reduced the demand for owner-occupied housing.

Table 10:
Housing Costs in the Owner-Occupied and Rental Sectors, 1994

	Public Sector Rentals (as a % of average income)			Owner-occupied
	Rent	Utilities	Rent and Utilities	Ratio-of-house-price-to-income
Estonia	4.2	9.9	14.1	3.6

Source: MRI, 1996

The ratio of income-to-house-price in Estonia is 1:4. In large urban centres and Tallinn, the gap between income and entry costs has increased much more dramatically, reaching a ratio of 1:10.

Most households do not have the income and savings to purchase a home. It is expected that less than 10 percent will be able to enter the housing market in the foreseeable future.

Despite rent increases in public sector housing, the overall rent-to-income ratio is relatively low, in the range of 4.2 percent of the average household income in 1994. Rent and utilities consume 14 percent of the household budget. Meanwhile, the percentage of tenants in rent arrears has escalated to 27 percent. Home-owners in utility fee arrears reached close to 19 percent. Housing costs in the owner-occupied and rental sectors in 1994 are illustrated in Table 10.

EXPORT OPPORTUNITIES AND STRATEGIES

Overview

With significant success in implementing economic and political reforms, a stable currency, and a liberal trade regime, Estonia offers a number of opportunities for Canadian housing exporters. Success in the export of building materials confirms that a substantial market has opened up in Estonia.

Estonia is a growing market in Central and Eastern Europe for Canadian housing products, worth $1.03 million between 1994-95. The most dynamic growth has been observed in the export of heating, ventilation, air conditioning systems, electrical-mechanical components, and finishes. The export volume in 1995 increased 4.3 times compared to 1994 levels. Prefabricated housing and HVAC constitute approximately two thirds of Canadian housing exports. In general, the market for construction products is volatile and experiences substantial gains and losses from year to year for particular product categories.

Exports to the three Baltic States represent a small but fast growing market for Canadian housing export commodities. The overall increase in most product categories was in the range of 150-200 percent in the first months of 1996, as compared to the same period in 1995. Canadian involvement in the Estonian market is diverse, and active firms include an equal number of developers, builders and product exporters. Most of the exporters operate on a regional basis exploring business opportunities in the other Baltic States. The value of Canadian building materials exports for the period 1993-95 is shown in Table 11.

Export Opportunities

Exports in the residential sector of the Estonian market are quite diverse. Canada's export ranking for building products in the market is low, and sales volumes are generally small.

New House Building

There is a significant pent-up demand for housing in Estonia, estimated at approximately 2,300 units per year. Construction work in Tallinn is focussed on mixed-use developments and single-family housing.

- **Provision of Luxury Housing:** A promising niche market exists in the provision of luxury and custom homes on the outskirts of larger cities. The type of house most likely to succeed would be a traditional masonry home with a few upgrades such as HVAC, a custom kitchen, and a security system.
- **Manufactured Housing:** A number of Canadian exporters are exploring the market, attempting to build model homes. What holds a better promise is the transfer of manufacturing and modular technologies, adapted for this market. This is a medium-term opportunity.

Renovation

The renovation industry is experiencing considerable growth.

- A number of stores are undergoing renovation and upgrading. Demand in the inner city of Tallinn comes from a dynamic small business sector. High turnover makes retail space available quickly. Mixed-use properties in prime locations are renovated to offer high quality rental accommodation. This creates excellent opportunities for Canadian building material exporters, especially those engaged in the production of thermo-insulation and hermetic sealing materials, glass packets, light roofing materials, sanitary ware, or plumbing components.
- The need for thermal retrofitting of apartments and single family housing is excellent. It is estimated that close to 60 percent of the prefabricated apartment buildings need a thermal retrofit, which will allow annual savings of up to 40 percent of the heating costs. Average annual losses due to poor insulation are in the range of $5.76 per m^2. Financing might be available through World Bank and European Bank for Reconstruction and Development (EBRD) programs.

Table 11:
Value of Canadian Building Materials, 1993-95 (in $)

	Prefab. Buildings	HVAC	Doors & Windows	Roof/Floor/ Wall Products	Finishes	Tools and Equipment	Total per year
1993	-	-	-	-	-	-	-
1994	36,213	58,664	-	-	2,459	70,000	167,336
1995	346,113	290,781	131,965	29,251	41,112	28,000	867,222
Total per category	382,326	349,435	131,965	29,251	43,571	98,000	1,034,558

Source: Industry Canada's Strategis trade data on-line, 1996

Construction Technologies and Building Materials

The renovation industry urgently needs efficient, modern production technologies to assist in the upgrading of residential and commercial properties. Equipment is also needed for the production of lower density housing forms.

- **Building Materials:** This market offers steady and growing opportunities, though volumes might be small. Prices for materials are reportedly similar to Scandinavian price levels. Opportunities for cooperation exist with the local building materials industry, particularly, with respect to good quality, low-cost raw materials, and qualified labour.
- **Housing Components and Value-Added Products:** Gradual changes are apparent in the types of components used in new housing construction, particularly siding, plastic and aluminium windows, and pre-hung doors. Each of these products offer a cost and construction time advantage over their alternatives, and thus, seem to be the most promising.

Best Sales Prospects

Market prospects appear to be good for the following products:

- asphalt shingles, roofing systems;
- lightweight structural components (panel assemblies, laminated beams, etc.);
- exterior insulation and technologies for retrofitting of pre-cast concrete panels;
- fibreglass insulation;
- sliding doors, roof windows;
- plastic and aluminum windows;
- wooden floors; and
- water and heating control and measurement systems.

Export Strategies

The Estonian export market is small but promising. Strategically, Estonia is attractive as a gateway to the larger regional markets of Russia, Germany, Scandinavia, and Poland. The country's liberal and stable economy, business environment, strong economic performance, and balanced budget make it an optimal foreign investment destination. The OECD and the U.S. foundation, Freedom House, recently declared Estonia to be one of the world's most economically liberalized countries. However, Canada faces strong competition from German and Scandinavian firms and products.

Nonetheless, there are several things to bear in mind:

- The business environment is changing rapidly for the better. This environment creates great business opportunities, with commensurate risks.
- Opportunities for Canadian housing exporters are primarily in selected niche markets.
- The attitude towards Canadian imports is positive, however, the market is price sensitive.
- There is less transparency in the business, legal and regulatory environments than in Canada and the best way to evaluate risk is to work closely with business experts operating in Estonia.
- Many international business firms offer risk assessment services, market surveys and expert legal counsel for Canadian exporters.

Overview

Estonian is the official language, however Russian, English and German are also spoken.

In contrast to other Baltic countries, Estonia does not require a visa for most travellers originating from a number of countries, for example, Canada, Denmark, Japan, Poland, UK and the U.S. Estonian visas are also valid for travel to Latvia and Lithuania. However, visitors who entered Estonia visa-free must obtain visas for those countries if one is required.

Estonia introduced its national currency in 1993. The Kroon is convertible: the exchange rate is EEK8: DM1 (1DM = $1 CDN). There are no restrictions on the import, export, and exchange of foreign currency. The Kroon in circulation is guaranteed by both foreign currency and state gold reserves.

Business Customs

The business day starts between 6 and 8 a.m. and ends between 3 and 5 p.m. The maximum number of hours required of staff is 43 per week, and the maximum number of hours per day is 9.

The Estonian government recognizes the following official public holidays:

Table 12: Holidays

January 1	New Year's Day
February 24	Independence Day
March/April (variable)	Easter
May 1	Spring Day
May 26	Whitsunday
June 23	Victory Day
June 25	St. John's Day
December 24-25	Christmas Holidays

Business Infrastructure

Estonia's existing road network requires improvement, the international airport has been brought up to standard, and rail links to Russia are relatively well developed. Estonia has major plans to upgrade its infrastructure in order to improve conditions for transit trade which account for 10 percent of GDP. However, trade is hindered by poorly organized rail networks and customs bureaucracy. The country holds credits of $48 million from the EBRD and $38.4 million from the World Bank for improvement of the energy sector. In addition, a $12.8 million loan was granted from EIB to improve the railways, while another $28 million from EBRD was secured for water supply and environmental protection projects.

Major infrastructure projects underway include Via Baltica which will link Helsinki, Tallinn, Riga, Kaunas and Warsaw. The Nordic Investment Bank in Stockholm and other donors will finance the $180 million modernization project which will provide a high quality transportation corridor, and thus, further improve business opportunities.

The port of Tallinn, which owns and operates the four major commercial ports–Muuga, Tallinn City Port, Kopli and Paldiski, will be privatized in early 1997. A new car and passenger ferry, Regina Baltica, between Tallinn and Stockholm, has been in service since June 1996. Air cargo volumes leaving Tallinn are also increasing.

The work-force in Estonia is highly educated and works for a relatively low wage. Starting salaries for trilingual employees (e.g., Estonian, Russian, English) are a minimum of US$300 per month. Lawyers and bank staff might earn US$1,000-1,800, and construction workers US$340 monthly. Finding good workers might be difficult. People with managerial skills and expertise to deal with local authorities are in high demand. Most foreign firms place expatriates in top management and sales positions.

Distribution and Sales Channels

The marketing of building products and services in Estonia is inhibited by the lack of large distributors and wholesalers. Imports and retail operations are handled by private companies. Distribution channels are being established and the

most common means of accessing them is through a local partner, or by exporting them through a consolidator. Markets are in Tallinn and in the larger cities. The Chamber of Commerce can help with identifying interested agents, partners and distributors. Products need to be introduced on a very small scale, starting with a minimum order and delivery. As in other markets, sales are price sensitive, although, the high quality and good reputation of Canadian building materials and products is an asset.

At present, there are no laws that regulate the relationship between a foreign company and its distributors. A distributor relationship can be terminated according to provisions outlined in each specific distributor agreement.

Advertising and Trade Promotion

Tallinn is the focal point for establishing contacts and presenting company information and most of the trade fairs are organized there. Advertising and promotional materials for certain types of products need to be in Estonian. The best advertising value for housing-related products is to be found in the trade-type magazines and product catalogues.

Advertising with the media with the highest ratings and the largest audiences is highly recommended. According to a recent survey by Baltic Media Facts, Estonian National Television is the most popular channel, followed by Channel 2. Local commercial radio stations draw 30 percent of the listeners, followed by commercial Radio 2 and 4, and the non-commercial Vikerraadio. Baltic Media Facts can provide market intelligence on consumer trends and market segments. Advertising in print media is less expensive and might reach a larger segment of the market. The leading newspapers with the highest print circulation are Postimees and Eesti Ekspress.

The Internet has expanded its services dramatically. Estonia ranks 24th in the world in terms of people connected, ahead of Japan and France. One of the first companies providing dial-up Internet access is Microlink. Advertising through the Internet is also a growing opportunity.

Joint Ventures and Licensing

Foreign companies can be established as a fully owned foreign capital company, a representative office, a joint venture, or a subsidiary. The major types of companies include: limited liability company; joint-stock company; and representative office.

Canadian investors are advised to register as a limited liability company and to consult a local lawyer before establishing a business or intellectual property right in Estonia. One method of establishing a legal presence, and exploring business opportunities, is to open a local representative office of the foreign company. For Canadian businesses, a joint venture with a local partner is the preferred strategy. Basic data on local companies and their credit ratings can be obtained from local business service firms. However, the system is not well developed and the information might be incomplete.

Establishing an Office

The business environment is improving. Office space, administrative, accounting and legal help is available, and telecommunications are in place. The market for office and industrial facilities is still limited. Centrally located office space ranges from EEK 105 to EEK 189 per m^2 in Tallinn and Pärnu, while retail space ranges from EEK 270 to EEK 330 per m^2. There is still a huge demand for renovated or new office space in good locations in Tallinn. The lack of space has driven up rents in and around the centre, where industrial and other facilities have been renovated as office buildings.

Few foreign developers have been active in Tallinn. The most ambitious office scheme by Koger & Sumberg (Estonia) involves a ten-storey office building on one of the city's main streets. The EEK100m facility, on a 3,000 m^2 plot, which will include parking for 300 cars, will be completed in 1998.

Protecting Your Intellectual Property

Estonia has an association agreement with the European Union, therefore, product certification is similar to that of Western Europe and is moving towards ISO 9000 standards. Approval times vary from one week to three months, though products certified by other European countries will usually be processed quickly.

Applications for the grant of a patent or the registration of a trade-mark need to be made to the patent office. Intellectual property rights might be enforced through Estonian court action. Since 1994, Estonia has been a member of the World Intellectual Property Organization, a party to the Paris Industrial Property Convention and the 1970 Washington Co-operation Treaty.

Regulatory Issues

Investment climate: The business climate in Estonia is very receptive to Western companies, with foreign investment protected under the Law on Foreign Investment (1991). Consequently, both foreign and local investors are treated equally. The law stipulates free repatriation of profits. Investment licences are required for foreign investors in the following sectors: mining, power, transport, telecommunications, and banking. Investment laws are non-discriminatory to foreign investors who have equal rights in privatization. In addition, foreigners are permitted to own land.

Taxation: Estonia has restructured its taxation system to facilitate the efficient operation of private businesses. A personal income tax of 26 percent is imposed on salary, entrepreneurial income and profit, income from rental property, and self-employment income. The social security tax is 33 percent. The following tax rates apply: corporate profit tax (26 percent); value-added tax (18 percent); and property tax (1 percent). Canada has signed double taxation agreements with Estonia.

Repatriation of Profits and Capital: A branch of a parent company can repatriate profits and capital with minimal controls, provided that the profits are in hard currency. On cessation of business, capital can be repatriated.

Real Estate: The Estonian government is finalizing legislation on the privatization of land zoned for commercial and industrial use. Only companies registered in the Estonian Business Register are allowed to buy land. Foreign companies might also buy properties through a subsidiary registered in Estonia.

Imports: Most housing-related products can be imported without a licence. The importation of products does not generally require extensive paperwork, with customs clearance at the final destination. The onward transportation of goods by road and rail is adequate, though importers complain about long waits at border crossings. Lithuania, Latvia and Estonia signed in March 1996 an agreement on customs documentation and on-transit freight regulations, which are expected to reduce customs delays. Canadian exporters often ask for cash in advance until they have established a track record with new customers.

Custom Duties: As a small country heavily dependent on foreign trade, Estonia recognizes that it needs a liberal trade regime; consequently, it has adopted one of the lowest tariff schemes in the world. Currently, most imports are subject to nothing more than a 0.5 percent import processing fee. All goods imported as initial capital investment are exempt from custom duties, but are subject to a value-added tax. There are no quantitative constraints on imports of housing sector products and services. Imports are subject to 18 percent VAT.

EDC Financial Risk Assessment

The Export Development Corporation (EDC) helps Canadian companies compete in world markets through the provision of financial and risk management services. These include export credit insurance, financing to foreign buyers of Canadian goods and services, and guarantees.

The following information was obtained from the EDC Country Risks and Opportunities *book (fall, 1996).*

These issues should be taken into consideration when assessing financial risk in Estonia:

- Estonia has the most advanced economic reform program among former Soviet republics. A strong currency has provided stability. The International Monetary Fund (IMF) program was successfully concluded. Estonia experienced positive GDP growth in 1994 through 1996.
- Estonia has a stable currency due to its currency board. A free trade agreement with the European Union was ratified in December, 1994, but EU membership is still some way off.

- The long-term prospects should improve with closer EU links. Economic growth was expected to continue in 1996. Relations with Russia are expected to remain cool.
- Creditor delays are common, ILCs are the norm. Over the short-term, cover is available on a case-by-case basis. Over the medium to long-term, open is subject to an overall exposure guideline. Foreign investment insurance is available on a case-by-case basis.

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Canada Mortgage and Housing Corporation

Housing Export Centre	700 Montreal Road Ottawa, Ontario K1A 0P7	Tel.: 1-800-465-6212 or (613) 748-2000 Fax: (613) 748-2302

Canadian Government Departments and Services

Department of Foreign Affairs and International Trade (DFAIT)	InfoCentre Lester B. Pearson Building 125 Sussex Drive Ottawa, ON K1A 0G2	Tel.: 1-800-267-8376 or (613) 944-4000 Fax: (613) 996-9709 FaxLink: (613) 944-4500 InfoCentre Bulletin board: Tel.: 1-800-628-1581 or (613) 944-1581
	Northern Europe Division (REN) 125 Sussex Drive Ottawa, Ontario K1A 0G2	Tel.: (613) 995-8784 Fax: (613) 995-876319
	Central Europe Division (REC) 125 Sussex Drive Ottawa, Ontario K1A 0G2	Tel.: (613) 992-1449 Fax: (613) 995-8756
Canadian Commercial Corporation (CCC)	50 O'Connor Street, 11th Floor Ottawa, Ontario K1A 0S6	Tel.: (613) 996-0034 Fax: (613) 995-2121
Canadian Embassy (located in Latvia)	Doma Laukums 4 Riga LV-1977, Republic of Latvia	Tel.: (011-371) 783-0141 Fax: (011-371) 783-0140

International Trade Centres

Newfoundland	International Trade Centre P.O. Box 8950 Atlantic Place 215 Water Street Suite 504 St. John's, NF A1B 3R9	Tel.: (709) 772-5511 Fax: (709) 772-5093
Prince Edward Island	International Trade Centre P.O. Box 1115 Confederation Court Mall 134 Kent Street Suite 400 Charlottetown, PE C1A 7M8	Tel.: (902) 566-7443 Fax: (902) 566-7450
Nova Scotia	International Trade Centre P.O. Box 940, Station M 1801 Hollis Street Halifax, NS B3J 2V9	Tel.: (902) 426-7540 Fax: (902) 426-5218
New Brunswick	International Trade Centre 1045 Main Street Unit 103 Moncton, NB E1C 1H1	Tel.: (506) 851-6452 Fax: (506) 851-6429
Quebec	International Trade Centre 5 Place Ville-Marie Seventh Floor Montreal, PQ H3B 2G2	Tel.: (514) 283-6328 Fax: (514) 283-8794
Ontario	International Trade Centre Dominion Public Building 1 Front St. West Fourth Floor Toronto, ON M5J 1A4	Tel.: (416) 973-5053 Fax: (416) 973-8161

International Trade Centres (cont'd)

Manitoba	International Trade Centre P.O. Box 981 330 Portage Avenue 8th Floor Winnipeg, MB R3G 2V2	Tel.: (204) 983-5851 Fax: (204) 983-3182
Saskatchewan	International Trade Centre The S.J. Cohen Building 119-4th Avenue South Suite 401 Saskatoon, SK S7K 5X2	Tel.: (306) 975-5315 Fax: (306) 975-5334
Alberta ** Edmonton office is also responsible for Northwest Territories*	International Trade Centre Canada Place 9700 Jasper Avenue Room 540 Edmonton, AB T5J 4C3	Tel.: (403) 495-2944 Fax: (403) 495-4507
	510-5th Street S.W. Suite 1100 Calgary, AB T2P 3S2	Tel.: (403) 292-4575 Fax: (403) 292-4578
British Columbia **Vancouver office is also responsible for the Yukon*	International Trade Centre 300 West Georgia Street Suite 2000 Vancouver, BC V6B 6E1	Tel.: (604) 666-0434 Fax: (604) 666-0954

Export Development Corporation (EDC)

Ottawa	151 O'Connor Street Ottawa, ON K1A 1K3	Tel.: (613) 598-2500 Fax: (613) 237-2690
Vancouver	One Bentall Centre 505 Burrard Street Suite 1030 Vancouver, BC V7X 1M5	Tel.: (604) 666-6234 Fax: (604) 666-7550
Calgary	510-5th Street S.W. Suite 1030 Calgary, AB T2P 3S2	Tel.: (403) 292-6898 Fax: (403) 292-6902
Winnipeg **office also serves Saskatchewan*	330 Portage Avenue Eighth Floor Winnipeg, MB R3C 0C4	Tel.: (204) 983-5114 Fax: (204) 983-2187
Toronto	National Bank Building 150 York Street Suite 810 P.O. Box 810 Toronto, ON M5H 3S5	Tel.: (416) 973-6211 Fax: (416) 862-1267
London	Talbot Centre 148 Fullarton Street Suite 1512 London, ON N6A 5P3	Tel.: (519) 645-5828 Fax: (519) 645-5580
Montreal	Tour de la Bourse 800 Victoria Square Suite 4520 P.O. Box 124 Montreal, PQ H4Z 1C3	Tel.: (514) 283-3013 Fax: (514) 878-9891
Halifax	Purdy's Wharf, Tower 2 1969 Upper Water Street Suite 1410 Halifax, NS B3J 3R7	Tel.: (902) 429-0426 Fax: (902) 423-0881

Multilateral Organizations

World Bank	Washington, D.C. 20433 U.S.A.	Tel.: (202) 477-1234 Fax: (202) 477-6391

Multilateral Organizations (cont'd)

Office for Liaison with International Financial Institutions	Canadian Embassy 501 Pennsylvania Avenue N.W. Washington, D.C. 20001	Tel.: (202) 682–7719 Fax: (202) 682–7726

Business and Professional Organizations in Canada

Alliance of Manufacturers and Exporters Canada	99 Bank Street, Suite 250 Ottawa, ON K1P 6B9	Tel.: (613) 238–8888 Fax: (613) 563–9218

Canadian Banks with International Offices

Bank of Montreal	11 Walbrook Street London, England EC4N 8ED	
Canadian Imperial Bank of Commerce	European Operations Office Cottons Centre Cottons Lane London, SE1 2QL, England	Tel.: (011-441-71) 234-6000
National Bank of Canada	Europe Regional Office Princes House 95 Gresham Street London, England EC2V 7LU	
Royal Bank of Canada AG	P.O. Box 71 07 14 Lyonner Strasse 15 60497 Frankfurt am Main, Germany	
The Toronto-Dominion Bank	Triton Court 14/18 Finsbury Square London, England EC2A 1DB	
Hongkong Bank of Canada	10 Lower Thames Street P.O. Box 506 London, England EC3R 6AE	

Estonian Institutional Support for Housing Importers

Estonian Chamber of Commerce and Industry	Toom-Kooli 17 EE-0001 Tallinn, Estonia	Tel.: (011 372 2) 444 929 Fax: (011 372 2) 443 656
The Estonian Investment Agency	Ravala 6 (602 B) EE-0105 Tallinn, Estonia	Tel.: (011 372 6) 410 166 Fax: (011 372 6) 410 312

Organizations Related to Housing and Real Estate Activities and Providers of Business Services

Estonian Real Estate Firms Union	Mundi 2 EE-0001 Tallinn, Estonia	Tel.: (011 372 2) 666 332 Fax: (011 372 6) 466 209
Estonian Construction Entrepreneurs Union	Ravala pst 8 EE-0001 Tallinn, Estonia	Tel.: (011 372 2) 433 213 Fax: (011 327 2) 433 213
Estonian Lawyers Union	Viru 19 EE-0001 Tallinn, Estonia	Tel.: (011 372 1) 446 845/449 501 Fax: (011 372 2) 446 820
Estonian Consultants Association	Sutiste tee 21 EE-0034 Tallinn, Estonia	Tel.: (011 372 2) 521 618 / 521 619 Fax: (011 372 2) 521 625
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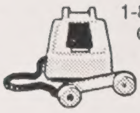

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To Complete See Example on Reverse Side

ORDER NUMBER	REPORT TITLE Please be sure the order number and report title match the listing	1 QTY	2 ITEM AMOUNT $	3 TOTAL $ AMOUNT 1 x 2	4 SHIPPING POINTS	5 TOTAL SHIPPING POINTS 1 x 4
					3	
					3	
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					3	
					3	
					3	
					3	
					3	

SOURCE
(How did you hear about the product?)

TV AD ☐ ☐ CATALOGUE
NEWSPAPER ☐ ☐ FLYER/BROCHURE
MAGAZINE ☐ ☐ OTHER

Subtotal Column 3	A	
SHIPPING CHOICE Regular Mail ☐ Courier ☐ — ADD Shipping & Handling	B	
Subtotal (Add A + B)	C	
Registration #100756428 — ADD GST (7% of subtotal C)	D	
Subtotal (Add C + D)	E	
Quebec residents add PST (6.5% of Subtotal E)	F	
Total (Add E + F)	G	

Subtotal Column 5

Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.

U.S. AND INTERNATIONAL ORDERS
Please pay subtotal C in U.S. Funds
(do not add GST or PST)

SEE EXAMPLE ON REVERSE

Shipping and Handling Charges

Points	Canada Regular Rates	Canada Courier Rates	U.S. Regular Air Rates	U.S. Courier Rates	International Regular Air Rates	International Courier Rates	Europe Courier Rates
1	2.55	5.00	5.00	11.00	7.00	24.00	19.00
2	3.65	8.00	6.50	14.00	9.00	30.00	25.00
3 to 5	5.80	11.07	8.11	30.75	12.18	63.75	47.75
6 to 10	6.18	11.07	12.46	34.75	20.61	88.75	55.75
11 to 20	6.43	12.35	18.08	42.75	38.77	118.75	71.75
21 to 40	6.94	14.90	23.81	58.75	64.65	193.75	103.75
41 to 60	7.44	17.62	29.48	74.75	68.12	253.75	129.75
61 to 80	7.95	20.51	35.15	90.75	117.36	313.75	149.75
81 to 100	8.45	23.35	40.92	106.75	146.60	373.75	169.75
101 to 120	8.96	26.20	46.59	120.75	166.71	433.75	189.75
121 to 140	9.46	29.05	52.31	134.75	184.72	493.75	209.75
141 to 160	9.97	31.90	58.00	148.75	207.45	553.75	229.75
161 to 180	10.47	34.75	63.71	162.75	228.92	613.75	249.75
181 to 200	10.98	35.60	69.38	176.75	250.29	658.75	269.75
201 to 220	11.48	40.45	75.05	190.75	N/A	718.75	289.75
221 to 240	11.99	43.30	80.72	204.75	N/A	778.75	309.75
241 to 260	12.49	46.15	86.49	218.75	N/A	838.75	329.75
261 to 280	13.00	49.00	92.21	232.75	N/A	901.75	349.75
281 to 300	13.50	51.85	97.88	246.75	N/A	958.75	369.75
Estimated Delivery times	2-3 weeks	5-10 days	2-3 weeks	5-10 days	4-8 weeks	12 days	12 days

Prices Subject to Change

CMHC Return Policy

We will replace damaged materials and correct shipping errors if we are notified within thirty days after you receive your shipment. If an item is not defective or not mistakenly shipped, then it must be returned by you at your cost within thirty days of receipt. It must arrive here in resaleable condition for you to receive credit.

International Note: Most international return shipments arrive damaged. If you received damaged items, contact CMHC at (613) 748-2969. Please do NOT return the damaged items unless we ask.

Example: To complete order form and determine shipping and handling charges

ORDER NUMBER	REPORT TITLE Please be sure the order number and report title match the listing	1 QTY	2 ITEM AMOUNT $	3 TOTAL AMOUNT 1 x 2	4 SHIPPING POINTS	5 TOTAL SHIPPING POINTS 1 x 4
NHA 8003	Brazil	1	35.-	35.-	3	3
NHA 8009	Western Europe	2	23.-	46.-	3	6
					3	
					3	

SOURCE
(How did you hear about the product?)

- TV AD ☐ ☐ CATALOGUE
- NEWSPAPER ☐ ☐ FLYER/BROCHURE
- MAGAZINE ☐ ☐ OTHER

Subtotal Column 3	A	81.-
SHIPPING CHOICE Regular Mail ☑ Courier ☐ — ADD Shipping & Handling	B	6.18
Subtotal (Add A + B)	C	87.18
Registration #100756428 — ADD GST (7% of subtotal C)	D	6.10
Subtotal (Add C + D)	E	93.28
Quebec residents add PST (6.5% of Subtotal E)	F	-
Total (Add E + F)	G	93.28

Subtotal Column 5: 9

Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.

U.S. AND INTERNATIONAL ORDERS
Please pay subtotal C in U.S. Funds
(do not add GST or PST)

CMHC's Housing Export Opportunities series contains up-to-date, relevant information on foreign housing markets for the Canadian Housing industry. Our country reports provide you with the market research and analysis you need to make the right business decisions about today's most dynamic offshore housing markets.

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